

Debtors' Statement of Disputed Issues

EXHIBIT J



20 January 2005

Mr Paul Pollack
Delphi Product & Service Solutions
1441 West Long Lake Road
PO Box 5090
Troy MI 48098-5090

Subject: Delphi PSS Matchbox - Long Term Manufacturing Solution

Dear Paul,

The Celestica management team wishes to convey to Delphi PSS that we are fully committed to deliver from our Toronto facility the firm orders of 83,000 units received from Delphi PSS at the agreed unit price of \$67.37 which includes \$1.13 NRE recovery over 300,000 units.

Furthermore Celestica is willing to commit to move production to our Suzhou, China facility. Suzhou was audited by Delphi and received PSA status in 2004. It is Celestica's intention to co-locate the production manufacturing of the Delphi PSS BlueSky program to Suzhou as well once Delphi's formal award is made to Celestica. By co-locating these two programs in Suzhou, China we can leverage the cost advantage from additional manufacturing loading and apply all lessons learned on the Matchbox program to both programs. These valuable, and costly, lessons have allowed Celestica to develop a more reliable design to manufacturing process that is better aligned with Delphi business best practices and overall expectations. It is our expectation that the transfer of Matchbox and subsequent launch of the BlueSky program will be seamless and invisible to Delphi PSS.

Celestica's Price and Delivery Commitment

- Deliver 83,000 units (per firm orders) at Ex-Works Selling Price of \$67.37 out of Celestica's Toronto facility.
- Begin transfer of product to Suzhou, China with anticipated volume production being achieved within 8-10 weeks from start of transfer.
- Provide capacity for agreed upon annual volume of 150,000 for two years out of Suzhou. Additional capacity would be made available to meet market demands as required.
Note: Delphi's commitment to annual volume of 150,000 (12,500 units/month) is required for this business case and transfer plan to remain valid.
- Upon reaching volume production in Suzhou, Celestica will honour the original Ex-Works Sell Price of \$67.37 per unit (including NRE)
- NRE recovery of \$1.13 to be amortized over the first 300,000 units or two years, which ever comes first. (Tooling ownership remains with Celestica until last payment.)
- Upon completion of transfer, Celestica commits to fix the Manufacturing Value-Add (MVA) portion of the price at \$15.00 dollars for 2005. Thereafter all agreed manufacturing efficiencies will be reflected in a reduction in the MVA cost.
- Celestica and Delphi will collaboratively attack the BOM for joint savings with the intent to create an annual targeted reduction in cost of at least 5% after the 1st year of production.
- Any subsequent material cost reductions initiated by Delphi will directly reduce the sell price by the same amount.

Celestica's Partnership Commitment

Celestica's partnership commitment to Delphi PSS is as solid as ever. To date, Celestica has made significant investments in their future relationship with Delphi PSS through our manufacturing of the Matchbox program and our design and development of the BlueSky program. As was stated in our December 3, 2004, communication, Celestica will incur multi-million dollar losses in the design, development and manufacturing of the Matchbox program. Celestica will incur further losses while maintaining manufacturing of Matchbox in Toronto

pending the transfer to China. In addition, transferring the production to Suzhou will cost an estimated \$250,000.

It should be noted that Celestica has an additional investment of approximately \$430,000 in Delphi PSS by providing a design and development solution for BlueSky program at the targeted costs, without any formal commitment or business award from Delphi. (A formal proposal will be submitted by Celestica the week of January 24, 2005, for your Team's review.)

Celestica's Requests of Delphi

Delphi PSS initially offered Celestica their full support on reducing the material cost and potential DFM opportunities linked to production efficiencies. We have welcomed the feedback on the Lean initiatives but to date we have not seen the impact of the Delphi leverage on the material cost. We understand the importance of the Matchbox program to Delphi as well as the future potential of the BlueSky program and Celestica is fully committed to support both programs. However, as we hope Delphi PSS will understand, a financial limit has been reached at Celestica in supporting both these programs and your serious consideration to our request for financial hardship support would be a true act of partnership. We respectfully ask Delphi to give consideration in supporting Celestica during the Matchbox transfer with a subsidy of 50% of the Toronto MVA of \$40.70 for each Matchbox unit manufactured in Toronto beyond the committed 83,000 units (\$67.37 + \$20.35) and to cover 50% of the actual transfer cost associated with moving the production from Toronto to Suzhou. Celestica recommends the recovery of the transfer cost be covered by amortization in the sell price from Suzhou, China. (~\$125,000 / 207,000 units = ~\$.60/unit - assumes 10,000 units built in Toronto)

Milestones for Product Transfer

- Agreement from Delphi on Celestica's transfer proposal by January 31, 2005.
- Confirmation from Delphi on annual volume and monthly requirements.
- Purchase Orders from Delphi PSS for manufacturing requirements beyond the 83,000 units currently on order with Celestica.
- Celestica will develop a material transfer plan with buffer stocks of key parts in line with Delphi requirements.
- Local plastic supplier has been identified and will be developed for ongoing production.
- Training of key personnel from Suzhou in Toronto.
- Transfer of key production tooling, test fixtures, manufacturing aids, lessons learned, etc. from Toronto to Suzhou with the intent to transfer only 1 of the 2 manufacturing cells initially to Suzhou.
- Commissioning of the production line in Suzhou.
- Product training.
- Ramp to volume.
- Transfer the 2nd manufacturing cell - contingent on Delphi PSS demand requirements.

We have identified key Team members in both Toronto and Suzhou to facilitate the transfer and a detailed plan with dates will be made available for review with Delphi to ensure a seamless transfer. Cliff Chu, VP for Operations, in China, will oversee the Matchbox transfer as well as facilitate the BlueSky production launch.

We look forward to your review and feedback of Celestica's Matchbox manufacturing solution as well as discussions of the mutual benefits of our partnership going forward.

Thank you for your understanding and consideration.

Yours truly,

Stewart D Taylor
Celestica

cc: Doug McDougall, Cliff Chu, Kevin J. Graham, Stuart Wiskel, Mark Ogden, Jim Simpson, Frank Dunn, Ed Kitaura, Dana Coin